

(1/2) of the principal amount of Series 1999-A Warrants maturing or required to be redeemed on the next succeeding February 1.

The Debt Service Fund deposits required by this Section 5.4 shall be in addition to the deposits respecting the Outstanding Parity Securities required by Section 11.2 of the Original Indenture and by Section 5.4 of the First Supplemental Indenture.

There is hereby created as part of the Debt Service Fund a new account, namely, the Series 1999-A Capitalized Interest Account. The Trustee shall be and remain the depository, custodian and disbursing agent for such account. Until all moneys deposited in such account have been spent, on each Interest Payment Date moneys from the Series 1999-A Capitalized Interest Account in an amount equal to the lesser of (a) the amount of interest on the Series 1999-A Warrants becoming due on such date and (b) the total amount then held in such account shall be applied for the payment of the interest then due and payable on the Series 1999-A Warrants. The County and the Trustee understand and agree that the moneys deposited in the Series 1999-A Capitalized Interest Account shall be invested pursuant to a repurchase agreement among J.P. Morgan Securities, Inc., the County and the Trustee.

Section 5.5 Book-Entry Procedures Applicable to Series 1999-A Warrants.

(a) Except as provided in Section 5.5(c) hereof, the registered owner of all of the Series 1999-A Warrants shall be The Depository Trust Company ("DTC") and the Series 1999-A Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semiannual interest for any Series 1999-A Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Paying Agent.

(b) The Series 1999-A Warrants shall be initially issued in the form of a separate single authenticated fully registered warrant in the principal amount of each separately stated maturity for each separate series. Upon initial issuance, the ownership of each such Series 1999-A Warrant shall be registered in the registry book of the County kept by the Paying Agent in the name of Cede & Co., as nominee of DTC. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 1999-A Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 1999-A Warrants, selecting such Series 1999-A Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 1999-A Warrants under the Indenture, registering the transfer of Series 1999-A Warrants, obtaining any consent or other action to be taken by Holders of Series 1999-A Warrants and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 1999-A Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Paying Agent as being a Holder of Series 1999-A Warrants. The County and the Paying Agent shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 1999-A Warrants;

the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 1999-A Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 1999-A Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 1999-A Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 1999-A Warrants. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 1999-A Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 1999-A Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Paying Agent, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 1999-A Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Paying Agent of the availability through DTC of warrant certificates. In such event, the Paying Agent shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 1999-A Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 1999-A Warrants at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Paying Agent shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 1999-A Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 1999-A Warrants to any DTC participant having Series 1999-A Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 1999-A Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 1999-A Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 1999-A Warrant and all notices with respect to such Series 1999-A Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Paying Agent on or prior to the date of issuance and delivery of the Series 1999-A Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 1999-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any

such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 1999-A Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 1999-A Warrants pursuant to the Indenture by the County or the Paying Agent with respect to any consent or other action to be taken by Holders of the Series 1999-A Warrants, so long as any Series 1999-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 5.5 and any other provision of the Indenture or the forms of Series 1999-A Warrants, the provisions of this Section 5.5 shall govern so long as warrant certificates have not been issued to the Holders of the Series 1999-A Warrants other than DTC in accordance with Section 5.5(c) hereof.

Section 5.6 Amendment of Definition of "Maximum Annual Debt Service". Acting pursuant to Section 15.1 of the Original Indenture, and in order to correct an inadvertent technical error, the County and the Trustee hereby amend subparagraph (5) of the definition of "Maximum Annual Debt Service", for all purposes of the Indenture, to read as follows:

(5) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to variable interest rates shall be calculated as if the Parity Securities in question bore interest, during the term of such Qualified Swap, at a rate equal to the lowest of (A) for so long as any hedging agreement that establishes a cap rate with respect to such Qualified Swap remains in effect, such cap rate, or (B) the highest of (i) the actual rate of such Qualified Swap on the date of calculation, or if such Qualified Swap is not yet in effect, the initial rate (if established and binding), (ii) if the Qualified Swap has been in effect for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Securities to which such Qualified Swap is referable is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (y) if interest on such Parity Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

Section 5.7 Tax Covenants. The County recognizes that the Holders of the Series 1999-A Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 1999-A Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 1999-A

Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 1999-A Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 1999-A Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 1999-A Warrants, will not cause the Series 1999-A Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 1999-A Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 1999-A Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 1999-A Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 1999-A Warrants.

Section 5.8 **Article and Section Captions.** The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Second Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Second Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Second Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Second Supplemental Indenture to be attested, by its duly authorized officers, all in ten (10) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Second Supplemental Indenture to be dated as of March 1, 1999, although actually executed and delivered on March 16, 1999.

JEFFERSON COUNTY, ALABAMA

By _____
President of the County Commission

ATTEST:

Minute Clerk of the
County Commission

[S E A L]

THE BANK OF NEW YORK, as Trustee under the
Trust Indenture of Jefferson County, Alabama, dated
as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A.,
Its Agent

By _____

Its _____

ATTEST:

Its _____

[S E A L]

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that _____, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said county.

GIVEN under my hand and official seal of office, this _____ day of March, 1999.

[NOTARIAL SEAL]

Notary Public

My Commission Expires: _____

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that _____, whose name as _____ of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said banking association in its capacity as the agent of the Trustee as aforesaid.

GIVEN under my hand and official seal of office, this _____ day of March, 1999.

[NOTARIAL SEAL]

Notary Public

My Commission Expires: _____

THIRD SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of March 1, 2001

Relating to

\$275,000,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Capital Improvement Warrants
Series 2001-A**

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between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

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THIRD SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation and the successor to AmSouth Bank of Alabama in its capacity as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), and \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrants"). The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and of financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities its (a) \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants") and (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"). The Series 1997-D Warrants and the Series 1999-A Warrants were issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), and the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2001-A Warrants hereinafter referred to in order to obtain funds to pay the costs of additional capital improvements to the System. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2001-A Warrants, which are to be secured by the Original Indenture, as supplemented hereby and by the First and Second Supplemental Indentures, on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C

Warrants, Series 1997-D Warrants and Series 1999-A Warrants (herein together called the "Outstanding Parity Securities"). This Third Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2001-A Warrants and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

THIRD SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Trustee and the holders at any time of said Series 2001-A Warrants (the holders of said warrants evidencing their consent hereto by the acceptance of said warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Third Supplemental Indenture, shall have the following respective meanings:

"Reserve Policy" means the municipal bond debt service reserve fund policy issued by Financial Guaranty Insurance Company (the "Bond Insurer") simultaneously with the issuance of the Series 2001-A Warrants and deposited in the Reserve Fund established under the Indenture.

"Series 2001-A Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 2001-A Warrants.

"Series 2001-A Issuance Costs" means the reasonable costs and expenses of issuing and selling the Series 2001-A Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 2001-A Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 2001-A Warrants, and other usual and customary expenses.

"Series 2001-A Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 2001-A, authorized to be issued in the aggregate principal amount of \$275,000,000.

"Third Supplemental Indenture" or **"this Third Supplemental Indenture"** means this Third Supplemental Indenture.

"2001 Construction Fund" means the Jefferson County Sewer System 2001 Construction Fund created in Section 3.2 hereof.

"2001 System Improvements" means the System Improvements, the costs of which are to be financed, in whole or in part, through the issuance of the Series 2001-A Warrants.

Section 1.2 **Findings.** The Governing Body has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2001-A Warrants. In order to comply with the requirements of the Consent Decree entered in those civil actions consolidated in the United States District Court, Northern District of Alabama, and styled *United States of America v. Jefferson County, Alabama, et al.*, Civil Action No. 94-G-2947-S, and *R. Allen Kipp, Jr., et al. and Cahaba River Society, Inc. v. Jefferson County, Alabama, et al.*, Civil Action No. 93-G-2492-S, and to otherwise provide for the expansion and improvement of the System, it is necessary, desirable and in the public interest for the County to issue the Series 2001-A Warrants to finance the costs of acquiring and constructing various System Improvements.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Parity Securities Previously Issued. No Parity Securities, other than the Outstanding Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County from the operation of the System except the Outstanding Parity Securities.

(e) Revenue Forecast. The firm of Paul B. Krebs & Associates, Inc., has provided the County and the Trustee with a Revenue Forecast that satisfies the requirements of Section 10.2 of the Original Indenture with respect to the issuance of the Series 2001-A Warrants.

Section 1.3 **Use of Phrases.** "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Third Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 **Definitions Contained in the Original Indenture.** Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Third Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made in the First or Second Supplemental Indenture).

Section 1.5 **References to the Parity Securities and the Indenture.** The County and the Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2001 Warrants, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture or in this Third Supplemental Indenture to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2001 Warrants and any Additional Parity Securities hereafter issued.

The County and the Trustee further acknowledge and agree that, from and after the execution and delivery of this Third Supplemental Indenture, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture or in this Third Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture and this Third Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this Third Supplemental Indenture.

ARTICLE II

THE SERIES 2001-A WARRANTS

Section 2.1 **Authorization and Description of the Series 2001-A Warrants and Places of Payment.** Pursuant to the applicable provisions of the Act, and for the purposes of (i) providing for the payment of the costs of the 2001 System Improvements, (ii) providing for the payment of the premiums for the Series 2001-A Insurance Policy and the Reserve Policy and (iii) providing for the payment of the expenses of issuing the Series 2001-A Warrants, there are hereby authorized to be issued by the County \$275,000,000 in initial principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2001-A. The Series 2001-A Warrants shall be dated March 1, 2001,

shall be numbered from R-1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof.

The Series 2001-A Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on August 1, 2001, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

Series 2001-A Warrants

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2007	\$ 795,000	4.50%
February 1, 2008	830,000	4.50
February 1, 2009	870,000	4.50
February 1, 2010	910,000	4.50
February 1, 2011	950,000	4.50
February 1, 2012	995,000	4.50
February 1, 2013	1,045,000	5.00
February 1, 2014	1,095,000	5.00
February 1, 2015	1,155,000	5.00
February 1, 2016	1,215,000	5.00
February 1, 2018	2,615,000	5.00
February 1, 2019	1,410,000	5.00
February 1, 2020	1,480,000	5.00
February 1, 2021	1,555,000	5.00
February 1, 2031	21,285,000	5.50
February 1, 2034	8,955,000	5.00
February 1, 2040	90,505,000	5.50
February 1, 2041	137,335,000	5.00

The principal of and the interest on any Series 2001-A Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 2001-A Warrant prior to maturity. Interest on the Series 2001-A Warrants shall be computed on the basis of a 360-day year of 12 consecutive 30-day months.

The Series 2001-A Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 2001-A Warrants. The principal of and the interest and premium (if any) on the Series 2001-A Warrants shall be payable at the principal office of the Trustee in Houston, Texas, in accordance with the provisions of Section 3.2 of the Original Indenture. As used in the Indenture with respect to the Series 2001-A Warrants, the term "Paying Agent" means the Trustee.

Section 2.2 Optional Redemption of Series 2001-A Warrants. The Series 2001-A Warrants will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part, on February 1, 2011, and on any date thereafter, at and for the following respective redemption prices (expressed in percentages of the principal amount of each Series 2001-A Warrant or portion thereof to be redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2011, through January 31, 2012	101%
February 1, 2012, or thereafter	100

The Series 2001-A Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 2001-A Warrants of a particular maturity are redeemed and prepaid pursuant to this Section 2.2, the Trustee shall select by lot the Series 2001-A Warrants (or portions of the principal thereof) of such maturity to be redeemed and prepaid.

The redemption of Series 2001-A Warrants pursuant to this section shall comply with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 2001-A Warrants to govern in the case of any conflict.

Section 2.3 Scheduled Mandatory Redemption of Series 2001-A Warrants. Those of the Series 2001-A Warrants maturing on February 1, 2018, shall be subject to scheduled mandatory redemption on February 1, 2017, in the principal amount of \$1,275,000. Series 2001-A Warrants in the aggregate principal amount of \$1,340,000 will remain to be paid at their scheduled maturity on February 1, 2018.

Those of the Series 2001-A Warrants maturing on February 1, 2031, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2022	\$ 1,640,000
February 1, 2023	1,735,000
February 1, 2024	1,830,000
February 1, 2025	1,935,000
February 1, 2026	2,045,000
February 1, 2027	2,160,000
February 1, 2028	2,285,000
February 1, 2029	2,410,000
February 1, 2030	2,550,000

Series 2001-A Warrants in the aggregate principal amount of \$2,695,000 will remain to be paid at their scheduled maturity on February 1, 2031.

Those of the Series 2001-A Warrants maturing on February 1, 2034, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2032	\$ 2,835,000
February 1, 2033	2,985,000

Series 2001-A Warrants in the aggregate principal amount of \$3,135,000 will remain to be paid at their scheduled maturity on February 1, 2034.

Those of the Series 2001-A Warrants maturing on February 1, 2040, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2035	\$ 3,305,000
February 1, 2036	3,490,000
February 1, 2037	3,690,000
February 1, 2038	3,900,000
February 1, 2039	4,120,000

Series 2001-A Warrants in the aggregate principal amount of \$72,000,000 will remain to be paid at their scheduled maturity on February 1, 2040.

Those of the Series 2001-A Warrants maturing on February 1, 2041, shall be subject to scheduled mandatory redemption on February 1, 2040, in the principal amount of \$29,960,000. Series 2001-A Warrants in the aggregate principal amount of \$107,375,000 will remain to be paid at their scheduled maturity on February 1, 2041.

The Series 2001-A Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI of the Original Indenture and Section 2.5 hereof, with the provisions of Section 2.5 particularly applicable to the Series 2001-A Warrants to govern in the case of any conflict.

Not less than forty-five (45) days or more than sixty (60) days prior to each scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in Section 2.5 hereof, Series 2001-A Warrants (or portions thereof) from the maturity subject to mandatory redemption on such date in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2001-A Warrants (or portions thereof) for redemption on such scheduled mandatory redemption date; provided, however, that the County may, upon direction delivered to the Trustee not less than sixty (60) days prior to any such scheduled mandatory redemption date with respect to Series 2001-A Warrants of a particular maturity, direct that any or all of the following amounts be credited against the principal amount of Series 2001-A Warrants of such maturity scheduled for redemption on such date: (i) the principal amount of Series 2001-A Warrants of such maturity delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2001-A Warrants of such maturity previously redeemed pursuant to the optional redemption provisions of Section 2.2 hereof and not previously claimed as a credit.

Section 2.4 Purchase of Series 2001-A Warrants for Retirement. The County may at any time and from time to time purchase Series 2001-A Warrants for retirement using funds from any source. Any Series 2001-A Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 2001-A Warrants shall be cancelled by the Trustee. In the event that the County elects to purchase any Series 2001-A Warrants for retirement, the Trustee may, if requested to do so by the County, solicit for tenders of Series 2001-A Warrants by holders thereof who wish to sell such Series 2001-A Warrants to the County.

Section 2.5 Special Provisions Respecting Partial Redemption of Series 2001-A Warrants. The principal of any Series 2001-A Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the outstanding Series 2001-A Warrants are to be redeemed on any single redemption date pursuant to Section 2.2 hereof, those to be redeemed shall be called for redemption from such maturity or maturities as shall be specified by the County.

If less than all the Series 2001-A Warrants of a single maturity are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 2001-A Warrants of such maturity then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 2001-A Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 2001-A Warrants of such maturity to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 2001-A Warrant of such maturity equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 2.6 **Form of Series 2001-A Warrants.** The Series 2001-A Warrants and the Trustee's authentication certificate and the form of assignment and related signature guaranty applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Form of Series 2001-A Warrant]

No. R-_____

\$_____

UNITED STATES OF AMERICA

STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

**SEWER REVENUE CAPITAL IMPROVEMENT WARRANT
Series 2001-A**

Interest Rate

Maturity Date

CUSIP

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (herein called the "County"), hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to _____, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

D O L L A R S

on the maturity date specified above, with interest thereon from the date hereof until the maturity hereof at the per annum rate specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on August 1, 2001, and semiannually thereafter on each February 1 and August 1 until maturity or earlier redemption. The principal of and the premium (if any) on this warrant shall be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York in Houston, Texas, or its successors as Trustee under the Indenture hereinafter referred to, and the interest payable on this warrant on each interest payment date shall be remitted, by the Trustee hereinafter referred to, by check or draft mailed or otherwise delivered to the registered holder hereof at the address shown on the registry books of the said Trustee. The principal of and the interest and premium (if any) on this warrant shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$275,000,000 and designated Sewer Revenue Capital Improvement Warrants, Series 2001-A (herein called the "Series 2001-A Warrants"). The Series 2001-A Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), and by a Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First and Second Supplemental Indentures, \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, and \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture.

The Series 2001-A Warrants are subject to redemption and prepayment prior to maturity, at the option of the County, as a whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2011, and on any date thereafter, such redemption to be at and for the following respective redemption prices (expressed as a percentage of the principal amount redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2011, through January 31, 2012	101%
February 1, 2012, or thereafter	100

The Series 2001-A Warrants having a stated maturity on February 1, 2018, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the principal amount of \$1,275,000 on February 1, 2017.

The Series 2001-A Warrants having a stated maturity on February 1, 2031, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2022	\$ 1,640,000
February 1, 2023	1,735,000
February 1, 2024	1,830,000
February 1, 2025	1,935,000
February 1, 2026	2,045,000
February 1, 2027	2,160,000
February 1, 2028	2,285,000
February 1, 2029	2,410,000
February 1, 2030	2,550,000

The Series 2001-A Warrants having a stated maturity on February 1, 2034, are subject to scheduled mandatory redemption, at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, in the following principal amounts on the following dates:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2032	\$ 2,835,000
February 1, 2033	2,985,000